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8 **UNITED STATES BANKRUPTCY COURT**  
9 **DISTRICT OF NEVADA**

10 In re:

11 HOTEL FURNITURE SALES, INC.,

12  
13 Debtor.

Case No. BK-S-09-29126-MKN  
Chapter 7

**DECLARATION OF LENARD E.  
SCHWARTZER SUPPORTING  
MOTION FOR AUTHORIZATION  
(1) TO EMPLOY AUCTIONEER,  
(2) TO SELL CERTAIN PERSONAL  
PROPERTY AT PUBLIC AUCTION,  
(3) TO PAY AUCTIONEER COMMISSION**

14  
15  
16  
17 Date: December 15, 2010  
Time: 11:00 a.m.

18 I, Lenard E. Schwartz, do hereby declare under penalty of perjury as follows:

- 19 1. I am over the age of eighteen and am competent to make this Declaration. I have  
20 personal knowledge of the facts in this matter, except where stated upon information and belief.  
21 2. I am the duly appointed Chapter 7 Trustee for the estate of Hotel Furniture Sales,  
22 Inc. (the "Debtor").  
23 3. I make this Declaration in connection with the *Motion for Authorization to (1)*  
24 *Employ Auctioneer, (2) to Sell Certain Personal Property at Public Auction, and (3) to Pay*  
25 *Auctioneer Commission* (the "Motion") filed concurrently with this Declaration, and if called to  
26 testify, I could and would testify to the following statements set forth herein.  
27  
28

1           4.       On October 12, 2009 (the "Petition Date"), Debtor filed a voluntary petition for  
2 relief under Chapter 11 of the Bankruptcy Code. The Debtor continued to manage its affairs as  
3 debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code until July 13,  
4 2010, when the Court entered an *Order Granting Motion for Order Converting Case to Chapter 7*  
5 *or for Appointment of Chapter 11 Trustee or Examiner* [Docket #150] directing the appointment  
6 of a Chapter 11 trustee for this case.

7           5.       On July 13, 2010, the Office of the United State Trustee filed the *Appointment of*  
8 *Lenard E. Schwartz As Trustee For The Estate of Hotel Furniture Sales, Inc.* [Docket No. 151],  
9 and on November 5, 2010, the Court entered the *Order Granting Motion of Chapter 11 Trustee for*  
10 *Conversion of Case to Case Under Chapter 7* [Dkt. #200].

11           6.       The Debtor was engaged in the acquisition and sale of large volumes of new and  
12 used hotel furniture which it then sold through retail and wholesale channels. The Debtor utilized  
13 two massive warehouse locations -- the larger of which is approximately 56,000 square feet with  
14 furniture stacked over forty feet in the air. (See Schwartz Declaration)

15           7.       I am attempting to negotiate a sale of the entirety of Debtor's personal property and  
16 goodwill, but I have concluded that if I am unable to find a party interested in purchasing the  
17 entirety of Debtor's personal property "as is, where is," then the continued storage of the personal  
18 property will immediately exceed any expected net benefit to the estate.

19           8.       If I am unable to secure a sale of the entirety of Debtor's assets, then I seek  
20 authority to employ ULTIMATE AUCTIONEERS, 5570 Reference Street, Las Vegas, Nevada  
21 (the "Auctioneer") to auction the titled vehicles and trailers, and certain personal property to be  
22 selected by the Auctioneer (collectively the "Auction Property"), at public auction and to pay the  
23 auctioneer a commission of 25% of the gross sales of any titled assets, and 40% of any non-titled  
24 assets.

25           9.       If any lien is subsequently alleged to be perfected against any Auction Property,  
26 then I proposes that said lien be deemed transferred to the proceeds of the sale pending further  
27 order of this Court.

28

10. I believe that the Auctioneer is aware of the provisions of 11 U.S.C. §328 and has agreed, notwithstanding the terms and conditions of employment herein, that the Court may allow compensation different from the compensation provided herein if such terms and conditions prove to have been improvident in light of unanticipated developments at the time of the fixing of such terms and conditions.

11. I am informed and believe that the Auctioneer is also appropriately qualified and is a disinterested person within the meaning of 11 U.S.C. §101, and that the auction terms are reasonable and in the best interest of the estate.

12. I have concluded it is appropriate to employ said Auctioneer under the provisions of 11 U.S.C. §327(a) pursuant to the terms set forth above and the Auctioneers Proposal of Sale attached to the Motion as **Exhibit "2."**

13. I believe that auctioning the Auction Property is in the best interest of this estate and is the most expeditious and cost-effective method to liquidate the Auction Property and reduce this estate's property to money. While most of the inventory is of insufficient value to generate any net benefit, the titled vehicles and trailers, and certain pieces of the inventory have sufficient value to justify sale at public auction.

I declare, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge, information and belief.

Dated this 17 day of November, 2010.



Lenard E. Schwartzer, Trustee